REMARKS

This responds to the Office Action dated on February 10, 2006, and the references cited therewith. Claim 52 was amended, no claims are canceled, and no claims are added; as a result, the same claims are now pending in this application. Claim 52 was objected to because of informalities. The correction suggested by the Examiner has been made. Further, claims 52, 59, 61, 68, 166, 173 and 174 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Landry (U.S. 5,649,177). This rejection is traversed below.

The Applicant's claimed subject matter addresses a problem/challenge that law firms encounter in paying out-of-pocket expenses (also referred to as disbursements) for clients. In some circumstances, a law firm is routinely called upon to advance, on behalf of a client, cash (or other form of value such as using the law firm's credit card) that covers an expense for the client's benefit. For example, a law firm may have to pay a photocopy service many thousands of dollars in cash in order to obtain the photocopy service's help in making copies for a client of the law firm. In other cases, the law firm may routinely pay fees to a Government agency on behalf of many different clients. One age-old solution to this problem is for the law firm to obtain a retainer from the client to cover the out-of-pocket cost. This solution, however, is often cumbersome to manage, or perhaps is viewed by the client as the law firm lacking trust that the client will pay, or viewed by the client that the law firm is too cheap to simply pay the fee first for the client and collect it back later. As a result, law firms often find themselves funding retainers and carrying large loans for this purpose, or investing large sums of capital to fund the obligations. The cost of this funding activity can be considerable.

The Applicant's claimed subject matter provides a method for a law firm to mitigate the burden of funding client out-of-pocket expenses without requiring the law firm to collect a retainer for such expenses, which as noted above many lawyers and clients do not like. The Applicant's claimed method and system is set forth in independent claims 52, 68 and 166 and calls for a unique combination of elements. Those elements generally include the elements presented in the list below. It is noted that while the elements are derived from claim limitations, they may have been re-phrased in whole or in part from the corresponding claim language and therefore are not controlling. While they are believed to be at least approximately consistent in spirit to the corresponding claim limitations, some elements may be stated more narrowly than

the claim language they relate to and therefore should not be regarded as interpreting the claim language more narrowly than the language itself requires. Rather, these elements are merely presented as a general guide to the Examine, and are not represented to equate exactly to the corresponding claim limitations. Therefore the Applicant hereby requests that the Examiner rely only on the actual wording of the claims when determining the patentability thereof. The elements are:

- *Multi-account* structure for payment of expenses. The law firm has a first account for paying at least some expenses incurred by the law firm and at least one second account to pay out-of-pocket costs incurred for one or more clients of the law firm, wherein at least some of the out-of-pocket costs are financed, and payments are specified for payment using a computer.
- *Computerized determination of an "associated expense" for each "out-of-pocket" cost incurred by the law firm*. The claimed subject matter determines, using a computer, an associated expense for each of at least some of the financed out-of-pocket costs, wherein the associated expense.
- *Computerized determination of an amount of an "associated expense" that includes a finance or loan related charge for an anticipated period of time to occur at least in part in the future*. The applicant's claimed subject matter includes determining with a computer a finance or loan related charge that is at least in part dependent on financing or loaning the out-of-pocket cost for a period of time, wherein the period or duration of time at least in part includes a portion that occurs after the date of invoicing the client, and therefore before the invoice is collected and an actual period of time is known.
- *Computerized determination of an financing or loan related charge for an out-of-pocket expense prior to when the underlying out-of-pocket expense is paid back to the law firm from the client, and further determined at least in part based on a length of time between billing and collection for the law firm*. According to the claimed subject matter, the finance charge is based not on an actual completed period of time, but rather based on a period of time to end in the future, after invoicing the client, and further wherein the

duration of the period of time is at least in part determined based on a length of time between billing and collection for the law firm

- *Presenting out-of-pocket charge and associated expense with the anticipated finance or loan related charge in same invoice to client, such that the finance or loan-related charge is billed "up front"*. The Applicant's claimed subject matter further specifies that the law firm billing, using a computer, generates and invoice to the one or more clients of the law firm for at least some of the financed or loaned out-of-pocket costs and for the associated expenses corresponding to the at least some out-of-pocket costs, wherein the billing for corresponding out-of-pocket costs and associated expenses are presented in the same invoice, and the finance or loan related charge is billed "up-front."

In addition to the above, claim 68 further includes the element of a "source of funding" to pay out-of-pocket expenses.

In addressing the Section 103 rejection, the Applicant will first take up the matter of Landry generally, and then discuss it in more detail. The Applicant notes with appreciation the Examiner's admission that Landry does not teach that its billing system should be used by a law firm to pay the out-of-pocket expenses of clients. The Examiner further states, however, that Landry does state that a motivation for using its bill payment system is to eliminate the necessity for multiple payees to make delivery of their respective bills to consumer payors and to allow the possibility of single delivery of bills from multiple payees to a payor. Based on this purpose for the system of Landry, the Examiner further takes Official Notice that, at the time of the invention, it would have been obvious for one of ordinary skill in the art to have employed the system of Landry in a law firm for the stated purpose. Accordingly, the Examiner's position is that a law firm would have been motivated to implement the system of Landry "to pay the multiple payees of clients (e.g. Patent and Trademark Office, photocopying services, drawing generation services) and deliver these bills (in the form of one invoice covering all the expenses incurred for the payor) to the payor."

Assuming, for the sake of argument only, that the Examiner's contention is correct, the Examiner's argument does not result in the Applicant's claimed subject matter, nor anything remotely close to it. More specifically, the Examiner argues that Landry provides motivation for

using its system to "eliminate the necessity for multiple payees of clients to make delivery of their respective bills" to consumer payors and to allow the possibility of single delivery of bills from multiple payees to a payor. Thus, according to the Examiner, one of ordinary skill in the art would be motivated to deploy the system of Landry to allow a law firm to pay the multiple payees of clients. Here, if we assume that the payees are vendors that are providing services to clients, it then logically follows that the client would be set up on the Landry system as a payor for these payees. If that were the case, then the client would pay its own costs directly through Landry's system, and the law firm would not be required to go "out-of-pocket" for such costs. Accordingly, in this scenario, the Applicant's claimed subject matter would not come into play as there is no "out-of-pocket" cost to be concerned with. So, according to this reading of Landry, Landry is used to set the client up to pay its expenses directly such that the law firm does not have an out-of-pocket expense at all to deal with. However, this is not at all what the Applicant is claiming.

An alternative reading of the motivation to use Landry advanced by the examiner might be (but not admitted to be obvious in any way by the Applicant) that Landry is used to automate the payment by the law firm of vendors (payees) that were providing services for the benefit of a law firm client. This reading makes less sense in the context of the problem addressed by the Applicant's claimed subject matter, as the problems addressed by the claimed subject matter do not include the burden of manually paying vendors. But, in any event, using this less logical approach, the vendors (providing a service for the benefit of a client) would be set up as payees of the law firm/payor in the Landry system. The law firm would then use the system of Landry to pay the vendors for such services. The bill payment system operator would in turn bill the law firm for its payment services (Landry's service fee noted in Col. 35 Ln. 36-58), and the law firm would pay the operator for such services – for example the operator may debit the law firm payor account. In this scenario, the only parties presenting a bill are the vendors, who are presenting a bill to the law firm, and there is no accounting for any bill being generated by the law firm to the client. However, in the Applicant's claimed subject matter, the only limitation pertaining to invoicing is this very invoice – the invoice from the law firm to the client. As such, this proposed reading of Landry fails to include teaching for the only invoicing limitation in the Applicant's claims.

Still further, neither proposed use of Landry discussed above provides that any party (either vendor or client or otherwise) is to be invoiced for both an out-of-pocket cost and an associated expense in the same invoice, as required by the Applicant's claims. In either scenario described above, the "associated expense" is presumably the fee charged by the system operator to make automated payments for the law firm. That would either be invoiced separately to the client or law firm, depending on who was the payor. These invoices, however, would not contain a billing for the associated expense paid by the service (the supposed out-of-pocket costs). Thus, Landry also fails to show this feature of the Applicant's claimed invention.

In addition, the Applicant notes with appreciation the Examiner's admission that Landry does not teach that the finance charge is dependent, in part, upon the duration of the period of time between billing and collection for the law firm. In this regard, however, the Examiner takes Official Notice that this factor is taken into account when calculating a finance or service charge. Further, according to the examiner, at the time of the invention, it would have been obvious for one of ordinary skill in the art to have used this factor in calculating the finance charge owed by the payor (client) with the motivation of being able to recover interest on the uncollected portion of the balance from the client. Thus, in this reading of the use of Landry, the payor is the client. Applicant notes that if we assume the payor is the client, then this configuration would be inconsistent with the above noted configuration wherein the payor is the law firm paying the vendors on behalf of the clients. Nonetheless, if we assume the Payor is the client, the client vendors would be the payees, and therefore the vendors would be the ones, in this posited configuration, that would have to be the parties that bill the client payor for interest. Of course, this is not what Applicant has claimed. On the contrary, in the Applicant's claimed system the law firm is presenting the "associated expense" that includes a finance or loan charge portion.

Thus, even if one were motivated to use Landry in any of the configurations that can be gleaned from the alleged motivation proffered by the Examiner, the resultant operation would not come close to meeting even the most rudimentary aspects of the Applicant's claimed system and method. In point of fact, the technology disclosed in Landry is simply an automated bill payment system that merely provides infrastructure for presenting and paying bills electronically. The profound shortcomings of this reference, even when combined with the "Official Notice" taken, render it incapable of acting as a foundation for a *prima facie* showing of obviousness.

Moreover, the deficiencies noted above are just the beginning, as even when Landry is used as a nose of wax and contorted into a use beyond all reasonable contemplation, it still comes up short of the starting line, much less the finish line. For example, Landry does not disclose a single one of the elements noted by the Applicant's hereinabove. It does not mention even once law firms or lawyers or even professional service providers. It does not mention even once out-of-pocket costs or the notion of a law firm paying an out-of-pocket cost. It does not mention even once finance charges or how to calculate them – in fact the service of Landry doesn't care about finance charges as it has nothing to do with the loan of money or financing whatsoever. It does not mention even once anything concerning when to determine a finance or loan charge. It does not mention even once determining an associated expense with a finance or loan charge portion for each out-of-pocket expense paid by a law firm. It does not mention even once a law firm using at least two accounts to pay expenses, with one used to pay financed out-of-pocket expenses. It does not mention even once presenting an associated expense together in the same invoice with the underlying out-of-pocket expense.

Further, Landry not only fails to show the subject matter, it actually teaches away from it. It teaches the use of a single Payor account by a particular payor, not at least two different accounts with one used for a particular type of expense as disclosed only by the Applicant. Further, in Applicant's claimed subject matter, the law firm invoices a client and the invoice includes both an entry for the out-of-pocket expense for which the law firm seeks reimbursement, and also for the "associated expense." Landry, however, teaches that their service charge should be billed separately. In this regard, the Examiner additionally specifies that the billing of the client by the law firm is met by the billing process described in Col. 35, Ln. 36-58. That passage, however, describes that the so-called "associated expense" (which by the way makes no mention of a finance or loan charge portion) is separately billed, and not combined in a bill to the payor with the underlying charges in it.

It would appear, therefore, that not only is Landry totally devoid of teaching of even the most rudimentary elements of the Applicant's claimed subject matter, the reading given to it by the Examiner, no matter how one looks at it, leads only to a result that is quite different than that taught and claimed by the Applicant. Accordingly, the Section 103 rejection of in view of Landry fails to set forth a *prima facie* showing of obviousness, and should be withdrawn.

Given the failure of the art cited, alone or in combination, to teach the claimed combination of the Applicant's independent claims, the remaining pending claims dependent thereon are also believed free of the art for the same and addition reasons owing to the limitations they may add to those claims.

CONCLUSION

Applicant respectfully submits that the claims are in condition for allowance, and reconsideration and notification to that effect is earnestly requested. The Examiner is invited to telephone Applicant's attorney, Steven W. Lundberg, at (612) 373-6902 to facilitate prosecution of this application.

If necessary, please charge any additional fees or credit overpayment to Deposit Account No. 19-0743.

Respectfully submitted,

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This paper or fee is being filed on the date indicated above using the USPTO's electronic filing system EFS-Web, and is addressed to: The Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

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